



Six Months on from Queensland's Natural Disasters

A Report to the Queensland Government

**CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND'S LONGITUDINAL
STUDY EXAMINING THE IMPACT OF THE NATURAL DISASTERS ON
QUEENSLAND BUSINESSES**

OCTOBER 2011

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“A natural disaster like this will take our family business years to recover, but we will!”

“After the initial devastation we have bounced back stronger than ever. The floods gave us the opportunity to rebuild with a clean slate.”

Six Months on Queensland's Natural Disasters Survey – August 2011

1.0 Introduction and Summary

- 1.1 The series of floods and cyclone disaster events beginning in December 2010 saw 99 per cent of Queensland declared a natural disaster zone. Record breaking rain and widespread flooding events, followed by Cyclone Yasi, proved a significant test by mother nature to the Queensland economy and its businesses.
- 1.2 Six months on from the natural disasters, the Chamber of Commerce and Industry Queensland (CCIQ) has undertaken to resurvey Queensland businesses (following our survey in January 2011) to ascertain their experiences over this period.
- 1.3 More specifically, the aim of the most recent survey was to determine whether the extent of anticipated damages was realised, what businesses' experience was in relation to receiving Government assistance, businesses' experience with their insurers and what information is required to plan for business continuity following future natural disaster events.
- 1.4 It is hoped that this report containing business feedback will help CCIQ and the State Government to further assist businesses in their recovery efforts and provide better services and assistance to Queensland businesses in the face of the next natural disaster.
- 1.5 This report is based on a CCIQ survey of more than 200 Queensland businesses undertaken in the period from 1/08/11 to 12/08/11. Demographics of survey respondents are included in Appendix A.
- 1.6 Key findings include:
 - The extremity values of physical damage bills and lost earnings has substantially narrowed over the six month period. Accordingly, the average damage and lost earning bills have noticeably decreased however the median value of losses has actually increased six months on from the natural disasters.
 - The majority of Queensland businesses that were directly impacted by the natural disasters have now well and truly recovered. However these businesses continue to experience abnormal business and economic conditions.
 - Reasons cited preventing a return to business as usual include impacted customers, poor consumer confidence, low demand and loss of customers/tourists; building and insurance delays; major resource projects continuing to be impacted and the associated flow-on effects; and lack of available finance.
 - Businesses did not have to be directly impacted by the floods to have experienced a significant and serious financial impact. A noticeable trend is that as time has progressed, more businesses have come to the realisation that the indirect impact of the floods on revenue has been much greater than first anticipated.
 - As businesses have recovered from the natural disasters, issues such as monetary policy, global and national economic uncertainty and political instability have replaced natural disasters to erode consumer confidence. At the same time, the high Australian dollar has reduced business sales revenue as operational costs continue to increase. The above environment is in overall terms creating a very difficult period for business to negotiate.

“Our business had been devastated, and it will be a long, slow recovery. After working long and hard for many years it is very hard to have to be starting again.”

“Our high season was devastated by the extreme weather. Tourists thought all of SEQ was flood affected. The massive cancellations had a major impact on visitor numbers. Uncertainty re road conditions reduced the number of local visitors. As we rely on Brisbane for many of our day trippers, the visitor numbers was further reduced.”

“Although the Jan 2011 flood submerged our business, it was the community spirit that we experienced that retained our positive outlook amongst the chaos. The staff also felt the impact for quite a few months post disaster. We are still in temporary premises surrounded by boxes and rental furniture awaiting our insurance claim outcome.”

Six Months on Queensland's Natural Disasters Survey – August 2011

- The primary assistance measures accessed by businesses following the natural disasters were the \$25,000 Special Disaster Assistance Grant and deferral of both State and Federal Government tax liabilities. Business provided generally favourable feedback on the process of accessing and the value of these assistance measures. However, a noticeable proportion of businesses were critical of their ineligibility to access any Government assistance.
 - Unfortunately the favourable feedback expressed for Government assistance cannot be extended to insurers with many claims remaining unsettled. Overwhelmingly businesses indicated a need for a standard definition of flood, policies that are clearly and plainly written for ease of understanding and the need for earlier payouts with the introduction of a fixed period for assessing claims. For many businesses, the indefinite delay in claim payouts has effectively resulted in being non-insured in terms of ensuring business viability.
 - Information sought for future natural disaster events mainly relates to anticipated flood levels, road closures and power restoration times.
- 1.7 CCIQ has additionally provided a number of comments on issues of consideration to the Queensland Government and also its views on how any natural disaster response particularly in the area of business assistance can be improved for the future.

“Media coverage of the floods in Brisbane had a negative impact on Tourism across all of the sunshine coast.”

“Perception that the “whole of Queensland” was flooded had a major impact on visitation to the Far North.”

“Clients were left “in limbo” when our premises were closed. No opportunity to access client records etc to advise them of where we went. January and February client numbers were a third lower than normal.”

“Demand for our services dropped critically during the flood crisis and moderately for some months following.”

“Excessive rain delayed most of our orders and some were cancelled. We had to stand down a number of employees and have had to payout some large redundancies as a result.”

Six Months on Queensland's Natural Disasters Survey - August 2011

2.0 Businesses impacted by the Queensland natural disasters

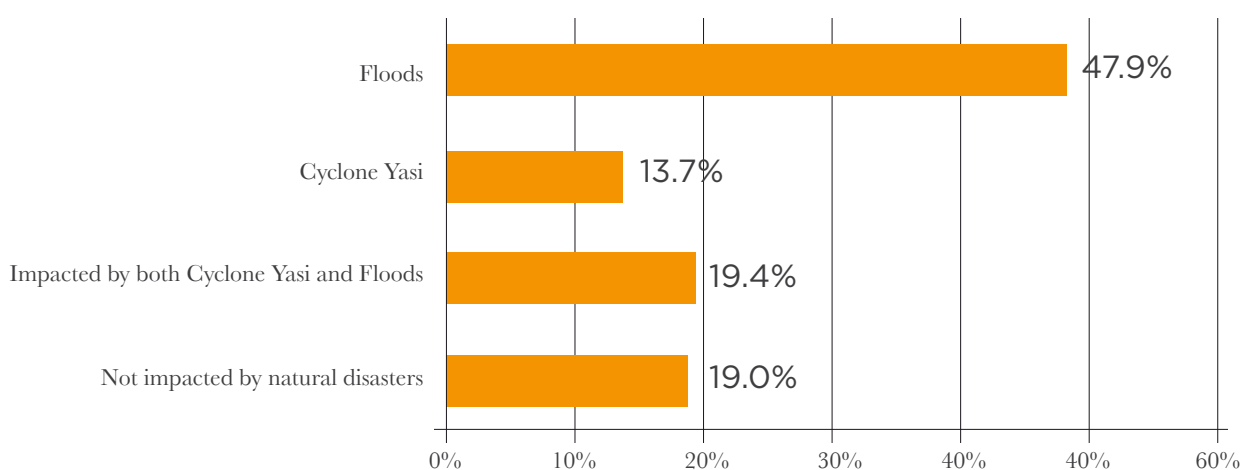
2.1 CCIQ's August 2011 survey found that:

- 47.9% of Queensland businesses were impacted by the floods
- 13.7% were impacted by Cyclone Yasi
- 19.4% were impacted by both the Queensland floods and Cyclone Yasi

CCIQ NOTE TO GOVERNMENT:

CCIQ highlights that this survey was specifically tailored towards those businesses that had been impacted by the natural disasters in order to longitudinally assess how these businesses had fared over the past six months. Accordingly the proportions above overstate the percentage of businesses actually impacted throughout Queensland.

BUSINESSES IMPACTED BY NATURAL DISASTERS

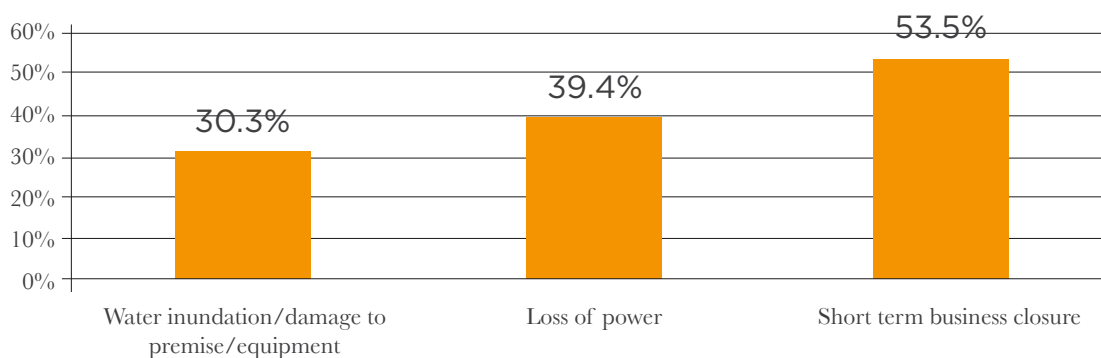


Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

2.2 Direct impacts for businesses affected by the Queensland floods

More than 53% of flood affected businesses indicated that they experienced short term closure throughout the initial floods, 30% of flood affected businesses experienced water inundation and/or damage to their business and equipment and 39% experienced loss of power. Nearly 20% of Queensland businesses that were surveyed experienced all three of the above direct impacts throughout the floods.

THE DIRECT IMPACTS FOR BUSINESSES AFFECTED BY THE FLOODS

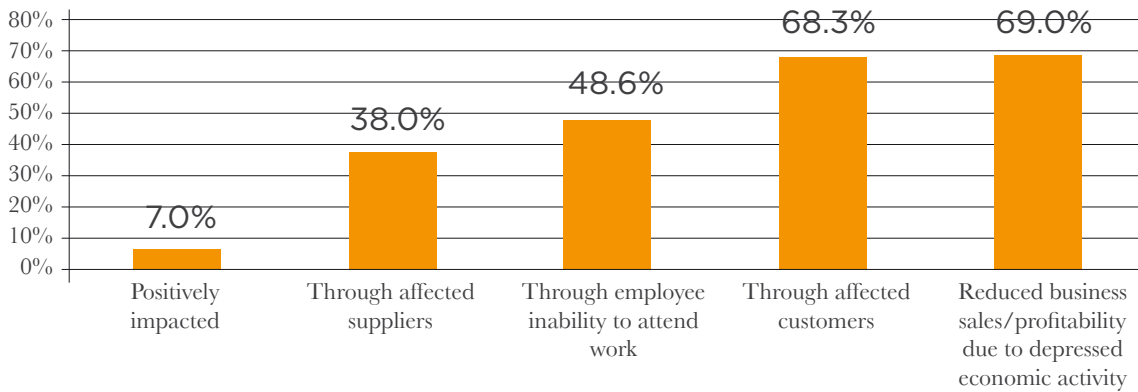


Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

2.3 Indirect impacts for businesses affected by the Queensland floods

For those businesses that were indirectly impacted by the floods, 69% experienced reduced sales/profitability, 68.3% were impacted by affected customers and half experienced employee inability to attend work.

THE INDIRECT IMPACTS FOR BUSINESSES AFFECTED BY THE FLOODS



Source: Six Months on Queensland's Natural Disasters Survey – August 2011

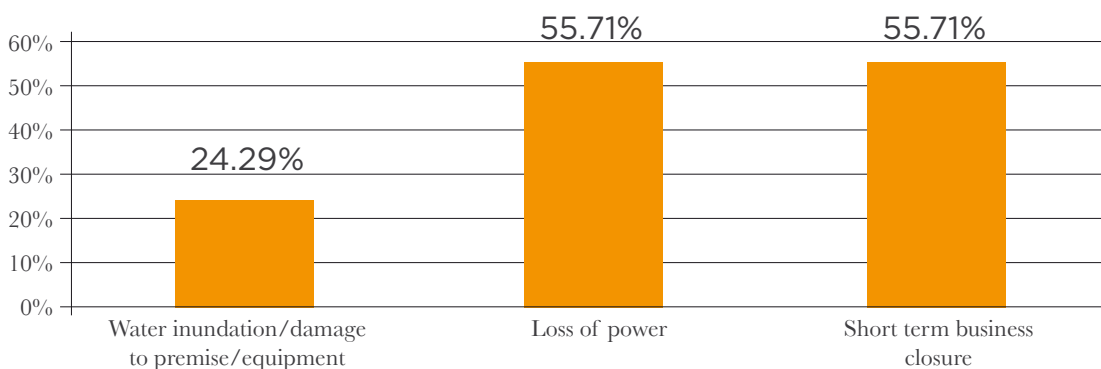
2.4 In addition to the above, Queensland businesses also experienced the below impacts:

- Inability to gain site access when recovery started to take place;
- Unable to secure the additional capital needed to continue trading and/or grow the business;
- A perception that Queensland was and still is closed and not open for business;
- Cancellations from both domestic and international tourists;
- Loss of communication networks including telecommunications and the internet.

2.5 Direct impacts for businesses affected by Cyclone Yasi

For those businesses impacted by Cyclone Yasi, more than half were directly impacted through power loss and short term business closure and 24% were impacted through water inundation and/or damage to their business premise and equipment. 16% of businesses impacted by Cyclone Yasi experienced all three of the direct impacts above.

THE DIRECT IMPACTS FOR BUSINESSES AFFECTED BY CYCLONE YASI

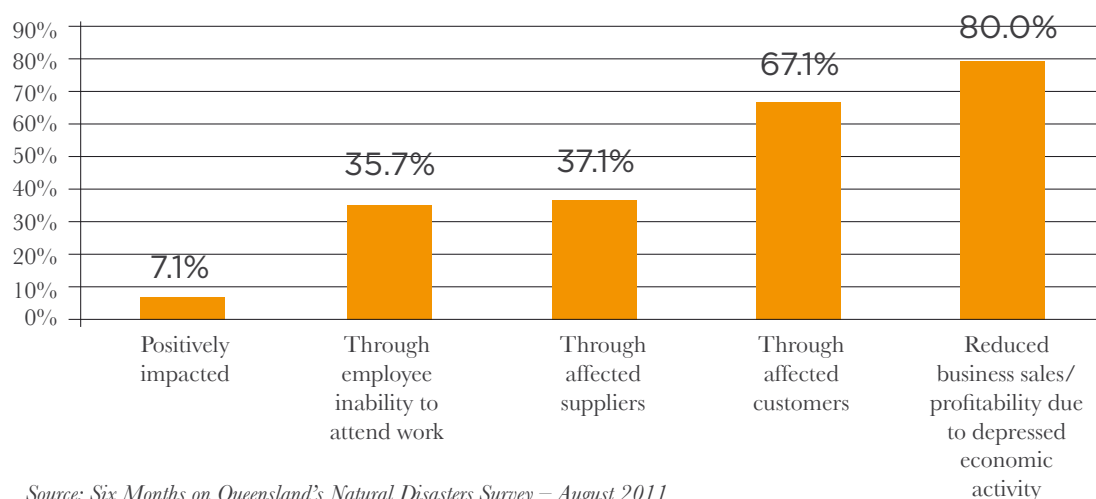


Source: Six Months on Queensland's Natural Disasters Survey – August 2011

2.6 Indirect impacts for businesses affected by Cyclone Yasi

For businesses that were indirectly impacted by Cyclone Yasi, 80% experienced reduced business sales, 67% were impacted through lost customers and 37% through affected suppliers. 35% were also impacted through employee inability to attend work.

THE INDIRECT IMPACTS FOR BUSINESSES AFFECTED BY CYCLONE YASI



Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

“Huge impact on the property market due to the flood and also the slow clean-up has meant it is hard to bounce back.”

“I think we did well, there are a lot of other businesses that are still worse off.”

“If it had not been for my determination and ability to negotiate with suppliers, and the fact that we had been cash flow strong leading into the floods, my business would no longer exist, and 5 staff would be out of work.”

“It has been an extremely tough time, we are lucky to have our lives but have endured a serious setback that will take years to recover from.”

Six Months on Queensland's Natural Disasters Survey – August 2011

3.0 Cost of Damage to Businesses Directly Affected by the Natural Disasters

- 3.1 Six months on from the natural disasters, two in five businesses directly impacted by the floods, and one in three businesses directly impacted by Cyclone Yasi had a damage bill of between \$100,000 and \$500,000. 16.7% of businesses directly impacted by the floods stated that they had a damage bill of more than \$500,000.
- 3.2 In terms of a trend six months on from the initial survey, the number of businesses indicating a substantial physical damage bill from the floods (more than \$500,000) has become more tempered or realistic. Accordingly, the average physical damage bill has noticeably reduced. At the same time, there has been a trend towards first anticipated lower end physical damage bills being significantly higher than expected, resulting in substantially more businesses indicating a damage bill in the vicinity of \$100,000 to \$500,000.

CCIQ NOTE TO GOVERNMENT:

CCIQ highlights that when initially surveyed in January 2011 many businesses responded on the basis that the damage was extremely severe with expectation that it would be very expensive. Many of these responses appear to have been naturally emotive and as estimates of repair and replacement have been obtained the actuality whilst still expensive has been more moderate.

- 3.3 In summary, the polarised nature or extremity values and histogram of physical damage bills has substantially narrowed but with a higher median value of damage for directly impacted businesses.

COST OF DAMAGE	BUSINESSES DIRECTLY IMPACTED BY THE FLOODS (JANUARY 2011)	BUSINESSES DIRECTLY IMPACTED BY THE FLOODS (AUGUST 2011)	BUSINESSES DIRECTLY IMPACTED BY CYCLONE YASI (AUGUST 2011)
\$1-\$4,999	10.6%	5.6%	5.0%
\$5,000-\$9,999	10.6%	5.6%	20.0%
\$10,000-\$19,999	12.8%	5.6%	5.0%
\$20,000-\$49,999	14.9%	16.7%	15.0%
\$50,000-\$99,999	14.9%	8.4%	20.0%
\$100,000-\$499,999	10.6%	41.7%	35.0%
\$500,000-\$999,999	8.5%	5.6%	-
\$1,000,000+	17.0%	11.1%	-
Average physical damage	\$588,689	\$364,253	\$89,650
Median physical damage	\$40,000	\$110,000	\$50,000

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

CCIQ NOTE TO GOVERNMENT:

It is important to note that whilst the average and median damage bills from businesses directly impacted by Cyclone Yasi appear to be lower than the floods, this can be highly misleading and is statistical only.

“Assistance was only offered to people who received damage from Cyclone Yasi. We transport produce from Bowen. We now have to try and sell a lot of equipment because we have not done any work this year.”

“Business took a while to return to some degree of normality post Yasi but is soft due to the impact of the strong Australian Dollar.”

Six Months on Queensland's Natural Disasters Survey – August 2011

4.0 Total Lost Earnings by Businesses

4.1 Lost earnings by businesses impacted by floods

For those businesses who were directly impacted by the floods, the most common level of lost earnings ranged between \$100,000 and \$500,000. The histogram of lost earnings has again narrowed with the average falling significantly whilst the median has increased since January 2011.

The results additionally highlight that businesses did not have to be directly impacted by the floods to have experienced a significant and serious financial impact with 84% of indirectly impacted businesses recording lost earnings in excess of \$100,000.

CCIQ NOTE TO GOVERNMENT:

One noticeable trend is that for indirectly affected businesses, both the average and median have increased and suggest that as time has progressed more businesses have come to the realisation that the indirect impact of the floods on revenue has been much greater than first anticipated. The impact on businesses customers and suppliers has been significant with a general loss of confidence following the natural disasters. There is little question that this has eroded business trading conditions over this period. The nature of indirect impacts can be found in sections 2.3 and 2.6.

LOST EARNINGS FOR BUSINESSES IMPACTED BY FLOODS				
	Directly Impacted Businesses (January 2011)	Directly Impacted Businesses (August 2011)	Indirectly Impacted Businesses (January 2011)	Indirectly Impacted Businesses (August 2011)
\$1-\$4,999	1.8%	3.2%	2.3%	-
\$5,000-\$9,999	9.1%	1.6%	5.4%	-
\$10,000-\$19,999	2.7%	6.3%	14.7%	4.0%
\$20,000-\$49,999	20.0%	12.7%	27.1%	4.0%
\$50,000-\$99,999	17.3%	20.6%	17.1%	8.0%
\$100,000-\$499,999	25.4%	30.2%	23.3%	60.0%
\$500,000-\$999,999	8.2%	7.9%	3.9%	8.0%
\$1,000,000+	15.4%	17.5%	6.2%	16.0%
Average lost earnings	\$908,087	\$462,665	\$300,904	\$390,867
Median lost earnings	\$70,000	\$100,000	\$45,000	\$200,000

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

4.2 The estimated percentage of annual turnover expected to accrue in lost earnings for both directly and indirectly impacted businesses is provided. The below table again confirms the trend of the indirect impact of the floods proving to be significantly greater than first anticipated.

TOTAL LOST EARNINGS AS A PERCENTAGE OF ANNUAL TURNOVER FOR BUSINESSES IMPACTED BY FLOODS				
	Directly Impacted Businesses (January 2011)	Directly Impacted Businesses (August 2011)	Indirectly Impacted Businesses (January 2011)	Indirectly Impacted Businesses (August 2011)
1-9%	53.6%	60.7%	56.2%	39.3%
10%-19%	25.8%	14.3%	22.3%	21.4%
20%-49%	13.4%	14.3%	20.5%	25.0%
50%+	7.2%	10.7%	0.9%	14.3%
Average percentage	13%	16%	10%	17%
Median percentage	7%	7%	5%	10%

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

“Customers don't have money to spend. Customers have no money to pay accounts.”

Six Months on Queensland's Natural Disasters Survey – August 2011

4.3 Lost earnings by businesses impacted by Cyclone Yasi

The most common level of lost earnings was between \$100,000 and \$500,000, with two in five directly impacted businesses and one in two indirectly impacted businesses indicating lost earnings within this range. One in four businesses directly and indirectly impacted by Cyclone Yasi had lost earnings in excess of \$500,000. These results once again highlight the significant impacts felt by businesses who were both directly and indirectly impacted by the natural disasters.

LOST EARNINGS FOR BUSINESSES IMPACTED BY CYCLONE YASI		
	Directly Impacted Businesses	Indirectly Impacted Businesses
\$1-\$4,999	-	-
\$5,000-\$9,999	-	-
\$10,000-\$19,999	-	-
\$20,000-\$49,999	16.7%	12.5%
\$50,000-\$99,999	20.0%	12.5%
\$100,000-\$499,999	40.0%	50.0%
\$500,000-\$999,999	6.7%	12.5%
\$1,000,000+	16.7%	12.5%
Average lost earnings	\$485,817	\$455,214
Median lost earnings	\$132,257	\$275,000

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

- 4.4 Estimated total lost earnings as a percentage of annual turnover is provided below for businesses who were both directly and indirectly impacted by Cyclone Yasi. The statistics indicate that the average lost earnings for businesses directly impacted by Cyclone Yasi (18.9%) was higher than those indirectly impacted (17.2%), however the median for indirectly businesses is slightly higher (15% compared to 12% respectively).

TOTAL LOST EARNINGS AS A PERCENTAGE OF ANNUAL TURNOVER FOR BUSINESSES IMPACTED BY CYCLONE YASI		
	Directly Impacted Businesses	Indirectly Impacted Businesses
1-9%	40.6%	31.2%
10%-19%	18.8%	37.5%
20%-49%	31.2%	31.2%
50%+	9.4%	0.0%
Average percentage	18.9%	17.2%
Median percentage	12%	15%

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

“I lost income but still had to make payments and have still not recovered. Customers and clients cancelled their appointments so my business is still not recovering. In fact, I am seriously thinking of closing.”

“Our main customers are primary producers from Mackay north to Cape York and West to the Territory border. Most of which will take quite some time to recover.”

“Rain affected us badly in December/January and resulted in lost business in those months. We have still not recovered. As well as this there has been a steady and increasing decline in daily sales due to building approvals falling.”

Six Months on Queensland's Natural Disasters Survey – August 2011

5.0 Business Closure and Long Term Impacts

5.1 The majority of Queensland businesses that were directly impacted by the natural disasters have now well and truly recovered, however these businesses are continuing to experience abnormal business and economic conditions six months on from the events. The below table further demonstrates that businesses did not have to be directly impacted by the natural disasters in order to experience significant and long term abnormal business and economic conditions, with two in five indirectly impacted businesses still experiencing negative conditions 6 months on.

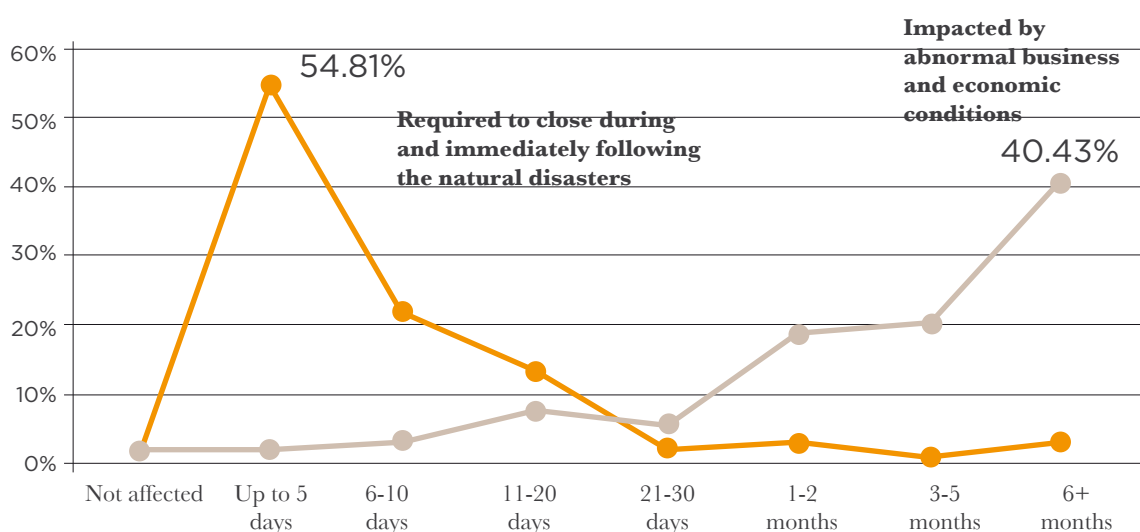
	REQUIRED TO CLOSE DURING AND IMMEDIATELY FOLLOWING NATURAL DISASTERS	IMPACT ON DIRECTLY AFFECTED BUSINESSES OF ABNORMAL BUSINESS/ECONOMIC CONDITIONS	IMPACT ON INDIRECTLY AFFECTED BUSINESSES OF ABNORMAL BUSINESS/ECONOMIC CONDITIONS
Not affected	1.0%	2.1%	13.2%
Up to 5 days	54.8%	2.1%	4.4%
6-10 days	22.1%	3.2%	1.5%
11-20 days	13.5%	7.4%	3.0%
21-30 days	1.9%	5.3%	4.4%
1-2 months	2.9%	19.2%	10.3%
3-5 months	1.0%	20.2%	23.5%
6+ months	2.9%	40.4%	39.7%

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

5.2 The main issues cited preventing a return to business as usual includes:

- Impacted customers, poor consumer confidence, low demand and loss of customers/tourists;
- Building and insurance delays;
- Major resource projects continuing to be impacted and the associated flow-on effects;
- Lack of alternative business sites; and
- Lack of available finance.

BUSINESSES DIRECTLY IMPACTED BY THE NATURAL DISASTERS (CLOSURE AND IMPACT)



Source: Six Months on Queensland's Natural Disasters Survey – August 2011

CCIQ NOTE TO GOVERNMENT:

The above graph provides further evidence that as directly impacted business have recovered from the natural disasters, issues such as monetary policy, global and national economic uncertainty and political instability have replaced natural disasters to erode consumer confidence. At the same time, the high Australian dollar has reduced business sales revenue as operational costs continue to increase for Queensland businesses. The above environment is in overall terms creating a very difficult period for business to negotiate.

5.3 The below table shows the extent that the natural disasters affected the profitability, sales, employment and viability of businesses. Key findings included:

- The negative impact of the natural disasters on the profitability of businesses has decreased over the short term to the long term, however one in four businesses are still experiencing a major to critical impact on their profitability;
- Although for the majority of businesses impacted by the natural disasters, the impact on sales from the disasters has improved over time, one in five still experiencing major to critical impact on sales;
- The majority of businesses indicated no or minor impact on employment in the short, medium and long term;
- The viability and sustainability of businesses impacted by the floods and Cyclone Yasi has improved from the short to long terms, however 22% of businesses have indicated a major to critical impact in the long term.

EXTENT THAT THE QUEENSLAND NATURAL DISASTERS IMPACTED ON BUSINESSES					
Profitability					
	No Impact	Minor Impact	Moderate Impact	Major Impact	Critical Impact
Short Term (Jan/Feb 2011)	10.8%	20.6%	21.6%	26.8%	20.1%
Medium Term (Mar/Jun 2011)	16.6%	20.9%	31.0%	22.5%	9.1%
Long term and ongoing (July 2011 onwards)	28.6%	27.6%	19.5%	16.8%	7.6%
Sales					
Short Term (Jan/Feb 2011)	9.8%	21.6%	21.1%	28.4%	19.1%
Medium Term (Mar/Jun 2011)	15.1%	23.7%	35.5%	19.9%	5.9%
Long term and ongoing (July 2011 onwards)	30.9%	27.2%	23.0%	12.0%	6.8%
Employment					
Short Term (Jan/Feb 2011)	38.4%	21.7%	16.7%	16.2%	7.1%
Medium Term (Mar/Jun 2011)	46.2%	22.8%	16.8%	8.2%	6.0%
Long term and ongoing (July 2011 onwards)	57.4%	18.9%	10.0%	7.4%	6.3%
Viability/Sustainability					
Short Term (Jan/Feb 2011)	20.8%	23.4%	19.3%	20.8%	15.7%
Medium Term (Mar/Jun 2011)	24.9%	25.9%	24.9%	12.7%	11.6%
Long term and ongoing (July 2011 onwards)	36.9%	25.7%	15.0%	12.3%	10.2%

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

CCIQ NOTE TO GOVERNMENT:

The above table confirms CCIQ's view that when business experiences a significant shock to their trading environment the first trigger is usually sales which in turn leads to poorer profitability. Poorer profitability results in businesses having to cut costs in areas such as discretionary expenditure (training and promotion etc), capital expenditure (building and plant and equipment) and in the worst of circumstances labour. Following this course of action if the business remains in a poor financial position then inevitability their viability or sustainability is threatened.

“Unable to locate alternate premises within commercial precinct.”

“Reduced coal output means less shipping and therefore less service required.”

Six Months on Queensland's Natural Disasters Survey – August 2011

“Reduced passenger numbers means reduced employee numbers = significant decrease in earning capacity with expenses not decreasing (ie bank loans and finance).”

“Servicing the real estate industry conditions are very slow, some of this is due to the disruption of the Brisbane Floods, but mostly due to economic conditions.”

“Severe downturn and complete lack of investment in region has major economic impact.”

“The cost of supplying services has risen but consumers disposable income has reduced therefore there is no market activity worthy of competing with the other market participants.”

“The lack of customers through the door has severely impacted our bottom line.”

“Volumes have not returned to seasonal norms due to delays in recommissioning of mining equipment and activities.”

“We are trying to secure ongoing funding & alternative sources of revenue. We weren't provided government assistance as the physical damage was limited.”

“We had to let our employees go. The repairs and rebuilding have taken much longer than what we anticipated due to both our availability and contractors.”

“We rely on visitors and they are just not coming. It might be because of interest rates or the strong A\$ but Australians are still not confident about anything that's local.”

Source: Six Months on Queensland's Natural Disasters Survey - August 2011

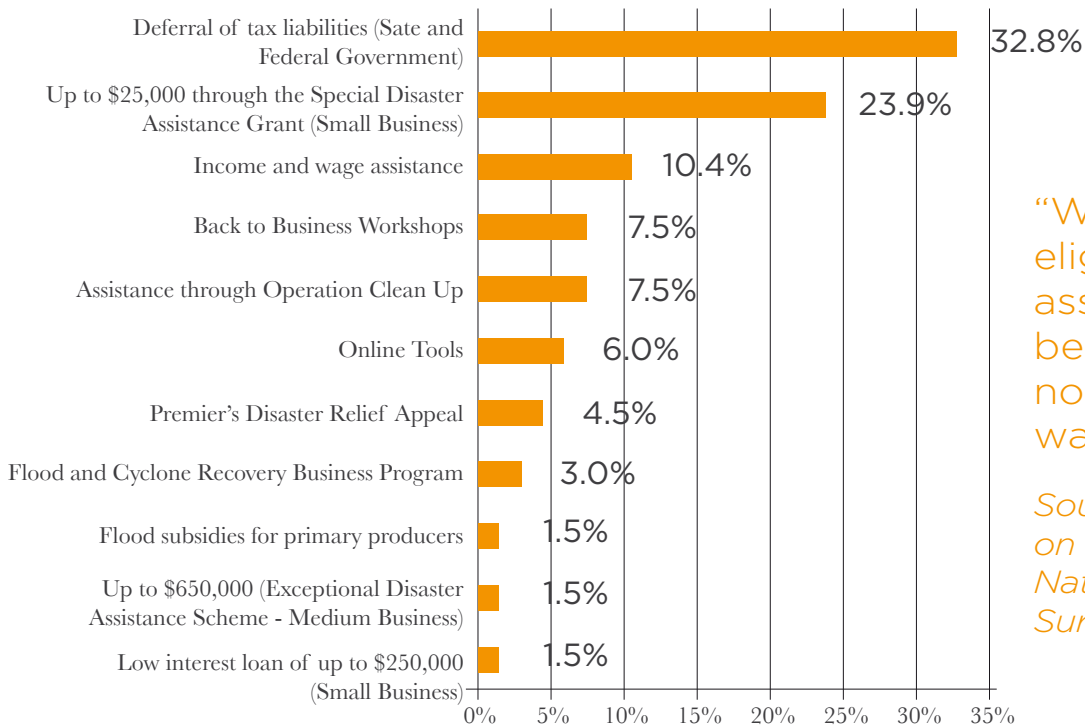
6.0 Business Assistance

CCIQ NOTE TO GOVERNMENT:

CCIQ believes it is vitally important to assist businesses as they are the employers of many flood and cyclone victims. In doing so we are assisting business to be able to offer secure ongoing employment and resultantly a livelihood to natural disaster victims which is ultimately much more practical and valuable.

6.1 The below graph demonstrates the assistance measures accessed by businesses following the natural disasters. One in three businesses accessed the deferral of both State and Federal Government tax liabilities, while one in five businesses accessed the Special Disaster Assistance Grant (of up to \$25,000).

ASSISTANCE MEASURES SOUGHT BY BUSINESSES AFTER THE NATURAL DISASTERS



“We were not eligible for assistance because we did not receive any water damage.”

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

CCIQ NOTE TO GOVERNMENT:

CCIQ notes that other invaluable services have also been provided by the State Government including direct calling to affected business offering mentoring services. This was not registered above most likely on the basis of it being perceived outside of direct Natural Disaster Assistance and more as ongoing DEEDI business support.

6.2 Other assistance measures accessed by businesses included:

- CCIQ grants;
- Insurance assistance;
- Queensland government “jobs assist” grant.

6.3 The majority of businesses rated the ability to access information on assistance measures and the ease of accessing assistance when required as good or very good (49.2% and 42.4% respectively). However, one in three businesses rated the accessibility of assistance measures when required as bad or very bad. Additionally businesses indicated the effectiveness of assistance measures in assisting a return to normal business operations and the associated pace of roll-out were not as good as ideally required. Full ratings are provided in the table below:

“Not directly flooded, therefore we were not told of any relief package or assistance that we could access.”

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

	Ability to access associated information	Ease of access/ availability when required	Effectiveness/usefulness in assisting your business to return to normal operations	Pace of Roll out
Very Good	10.2%	10.2%	8.6%	7.3%
Good	39.0%	32.2%	29.3%	25.4%
Neutral	20.3%	23.7%	32.8%	38.2%
Bad	16.9%	20.3%	17.2%	16.4%
Very Bad	13.6%	13.6%	12.1%	12.7%

Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

6.4 More than half of survey respondents (56.9%) indicated that their business was ineligible or unable to access the available business assistance when required. Reasons for businesses being ineligible included:

- Being classed as indirectly impacted by the natural disasters and therefore not in need of assistance despite being significantly impacted through affected suppliers, customers and other key factors;
- Businesses were deemed too big to receive assistance;
- Loss of documentation needed to apply for assistance;
- Assistance not available when required, with businesses already on the way to recovery by the time assistance was made available;
- Too much red tape in the application process with businesses finding it quicker to do it themselves.

CCIQ NOTE TO GOVERNMENT: SIZE OF BUSINESS

Initially the \$25,000 Special Disaster Flood Assistance Grant (SDFAG) and \$250,000 concessional loan was only made available to small businesses which had sustained damage to property, plant and equip or stock. Yet many medium and large sized businesses were directly impacted from the natural disasters and were initially declined financial assistance on the basis of their employee numbers. These businesses should have immediately received assistance and CCIQ believes many were ultimately deterred from applying on the basis of the initial non-availability criteria. CCIQ wishes to make the point that natural disasters do not discriminate on the basis of employment size and that this criteria should be reconsidered by both the State and Federal Governments.

CCIQ NOTE TO GOVERNMENT: INDIRECTLY AFFECTED BUSINESSES

Many businesses were not directly impacted from the natural disasters and as such were not eligible for financial assistance yet they experienced significant financial hardship as a result of the natural disasters. The resultant loss of income is currently not a criteria for financial assistance. CCIQ believes assistance in the future should be extended to those businesses that have been adversely indirectly affected by loss of income or are able to demonstrate significant financial hardship. Financial hardship in CCIQ's view can be proven in a number of ways:

- Loss of income such that the business cannot meet financial obligations or ongoing business operational costs.
- Have greater than 50 per cent (or similar) of workforce on forced leave/temporary stand down arrangements and/or cannot meet wage obligations.
- Evidence required may include
 - copies of invoices, bills or debt obligations;
 - written advice from accountant/accountants recommendations
 - bank statements or banking institution authorisation
- Significant employer in the region – i.e. employ greater than 20/30% of the local workforce (will be relevant for businesses outside of Brisbane and in smaller regional centres)

“Unable to access grant monies to purchase alternate premises as I was only renting previous space. Also I was not eligible because I was insured. I have lost \$20,000 in additional costs to manage my business following Cyclone Yasi.”

“It was difficult to identify that the slowdown in payment was direct cause of natural disasters or not, so difficult to make a claim on a gut feeling that eventually is proven correct.”

Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

6.5 Additional Federal and State Government assistance measures identified by businesses that would have helped a return to normal business operations included:

- Interest free loans;
- Tax free insurance payouts;
- Additional and earlier cash flow lending to help mitigate big losses in sales;
- Better signage for local businesses when exits are moved or closed;
- More tourism advertising informing people that Queensland is open for business;
- Earlier insurance claim payouts;
- Wage and income assistance for sole traders;
- Quicker delivery of assistance that works in conjunction with business owners in restoring their operations, rather than have businesses just do it themselves;
- More assistance for the building and construction industry in general;
- Waive all government charges for an initial period after natural disasters.

CCIQ NOTE TO GOVERNMENT:

Business feedback suggests assistance required transitions from in the short term being financial in nature, to in the medium term being expertise and mentoring. In the longer term assistance required is more macro orientated in terms of having the economic policy settings right and highlighting Queensland's sustainable competitive advantages.

6.6 Additional business assistance measures required:

PRIORITY	TYPE OF ASSISTANCE	TIME-FRAME	BUSINESS QUOTES
33.3%	Concessional loans	ST (Short Term)	<p>"Access to more funding or low interest loans."</p> <p>"Interest free loan so we could pay overheads without interest until the economy picked back up."</p> <p>"Low interest cash loans to bridge the cash flow shortages described above."</p> <p>"Yes. Federal and State Government charges should have been waived for at least six months. The only offer we had was from the Commonwealth taxation office for extra time to pay if we needed it."</p>
15.2%	Financial Assistance with Cash flow	ST	<p>"We needed additional cash flow lending"</p> <p>"Financial assistance at the time (like the previous federal government did after Cyclone Larry in 2006) would have been a great help."</p> <p>"Cash flow assistance 3 or 4 months ago would have been great"</p>
6.1%	Message Queensland is open	ST	<p>"Subsidized mass advertising advising QLD is open for business."</p> <p>"Better signage for local businesses when high exits are moved or closed."</p>
12.1%	Tourism Promotion	MT	<p>"More funding for Hinterland Tourism initiatives."</p> <p>"Export assistance for tourism providers."</p> <p>"Massive increase in tourism advertising to change people's view that QLD is closed."</p>
24.2%	Deferral of taxes/ tax relief	MT	<p>"We have learned that the Insurance monies received are subject to Tax - we believe that if un-taxed our business would have arrived at a far more positive outcome."</p> <p>"Wage assistance program for Sole Traders would be nice. Bank writing off the debt, ATO not charging for overdue lodgements"</p> <p>"More assistance (or understanding) from the ATO."</p> <p>"Don't put up interest rates. Decrease fees and charges and taxes to the building industry."</p>
3.0%	Physical assistance with site restoration	ST	

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

6.7 Business indicated that support/assistance needed most from Government moving forward included (in order of priority):

- Tax relief;
- Cutting red tape;
- Further grants including for large businesses and business stimulus packages;
- Interest free loans;
- State Revenue Office and ATO extensions;
- Improved economic activity;
- Abandon Government policy initiatives such as the Carbon Tax, MRRT and Flood Levy;
- Improved communications and associated infrastructure;
- Marketing of the State;
- Flood proof infrastructure;
- Flexible employment arrangements;
- One stop contact brochure for natural disasters.

“A brochure on who to contact for what assistance in emergencies (flood, fire, cyclone etc.) e.g. radio & newspaper advertising of where we have temporarily moved to; help to move our library etc.”

“A return to pre disaster levels of business activity. We have spent our money and fixed our business to pre-disaster levels only to see no work available.”

“Access to grant monies for businesses that wish to continue operating and employing locals.”

“Access to transport/road infrastructure that is not crippled at the first sight of floods. Roads that are flood proof and not level with a swamp/flood plain. A highway that is raised and flood proof to allow access in/out of town. An airport that is not level on the back of a floodplain (i.e. raise the airport, currently it is level with the swamp).”

“Alternate communications, support volunteer networks, support behind the scenes volunteers.”

“ATO extension and reversal of overdue fees. Wage assistance as sole trader.”

“Available interest free loans in time of disasters for small business to be able to cope with no work and income.”

“Reduction in regulation or reduce the burden put on businesses that are still trying to recover and those that are just trying to survive.”

“Relaxation of payment dates with the ATO, Superannuation and PAYG.”
 “My business supports other businesses which were adversely affected, yet we get no direct relief despite our income stream being disrupted.”

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

6.8 Survey respondents were asked what their business needed to better prepare itself for future natural disasters. Responses included:

- Adequately prepared - governments need to start spending money in North Queensland to alleviate road flooding problems;
- Improving transport infrastructure, including roads and waterways;
- Alternative cost effective methods of transportation of goods;
- An information portal to send and receive information;
- Flexible work force through flexible employment contracts;
- Access to alternative communication methods;
- Implement a disaster management and recovery plan for any future events;
- Update continuity plans;
- Review the Disaster Mitigation & Recovery Plans;

CCIQ NOTE TO GOVERNMENT: LONGER TERM TARGETED ASSISTANCE

CCIQ does not support longer term financial incentives in terms of tax holidays targeted towards particular industries or enterprises. By definition this means that remaining taxpayers will pay more than they need to and puts the Government in the unsatisfactory position of picking winners. If permanent taxation relief is available, it should be spread across all businesses. CCIQ believes that most businesses are opposed to picking winners for principally two reasons. Firstly it is at odds with equity considerations and secondly they believe it is often unsuccessful. Many businesses previously targeted with special financial assistance are now no longer in existence. Business is of the view that this approach is often unsuccessful and once the financial assistance is removed the recipient business reverts to its natural size, unviable status or exercises its rights of mobility of capital. At the very least financial assistance KPI's should be implemented and published. It will then be possible to benchmark the success of the investment of public funds into such a strategy in a transparent way. CCIQ strongly advocates the creation of a cost benefit analysis on the success of Government strategies that see assistance targeted at specific companies as opposed to an across the board approach. CCIQ instead believes that the State Government has a significant role to play in the provision of expert advice to business, facilitating mentoring, export and trade opportunities and investment attraction.

“Back off with flood levy, carbon tax and other unnecessary expenses and paperwork when we are doing it so tough.”

“Business stimulus package.”

“Cut the red tape.”

“Better communication from emergency services control centre.”

“Deferred red tape or speedy claims in any natural disaster recovery plan.”

“DERM not still DEMANDING CAA marine park fees when we have had NO income for 8 months & Hervey Bay is one of the only places to still pay for whale watch permits when other places pay NOTHING”

“Support in rolling our flexible employment agreements.”

“Quicker roll out of assistance as it was quicker to do it ourselves. It would be great to have inspectors that could tell us what to do with our building as we didn't know what we were doing.”

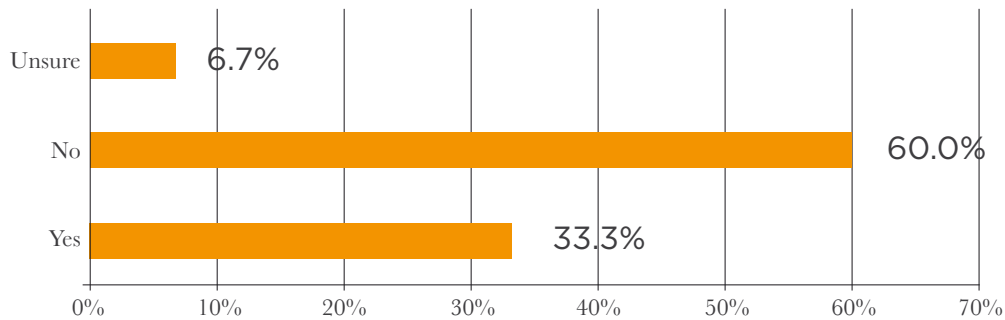
“We need more recognition that the businesses that service and/or supply primary producers are adversely affected in this kind of scenario.”

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

7.0 Insurance

7.1 Three in five businesses who have made an insurance claim have not yet seen it settled. One in three insurance claims have been settled at some point in the last 6 months.

IF YOUR BUSINESS MADE AN INSURANCE CLAIM, HAS IT BEEN SETTLED?



Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

“A standard definition of flood which is not subject to a hydrologists report. For the Insurance companies when they ask for a hydrologists report gives terms of reference which will favour the insurance company and not the insured.”

“A standard definition of flood would not only benefit businesses but also individuals who are arguing with insurance companies over the type of flood. A flood is a flood no matter where it comes from.”

“All insurance should include all coverage items, and it should be clear in the policy documents, not hidden somewhere 16 pages in to a Disclosure Document, exactly what is included and what isnt!!!!”

“Clear and definitive coverage outline and improved claims process - standardised in the Insurance Industry.”

“Definition of “flood” to assist our customers and their ability to proceed with recovery some of our flood sales have been quite slow to pay.”

“Definition of flood- government to create standard and consistent approach.”

Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

7.2 Overall business feedback on insurance companies' performance indicates significant room for improvement across a number of areas including service, the level of cover and payout and the insurance claims process. Feedback from businesses regarding their interaction with insurance companies and the claims' process included:

- Time taken to process claims is too long;
- Insurance policy was not clear on differences between flood waters and water from other sources;
- Limited documentation available to process claims;
- Lack of communication by insurers;
- Lack of understanding about on the ground situation;
- Payouts not significant enough to help business recover.

	LEVEL OF SERVICE	ADEQUACY OF COVER	LEVEL OF PAYOUT	CLAIMS PROCESS INCLUDING DURATION
Very Good	11.9%	11.0%	7.5%	7.4%
Good	16.7%	18.3%	13.8%	12.3%
Neutral	17.9%	18.3%	18.8%	18.5%
Bad	8.3%	6.1%	3.8%	8.6%
Very Bad	11.9%	11.0%	10.0%	16.0%
N/A	33.3%	35.4%	46.3%	37.0%

Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

7.3 Survey respondents were asked whether there is anything their business would like to see changed or improved regarding the coverage of business insurance for natural disaster events. Overwhelmingly, responses were limited to three areas and are listed in terms of their priority:

- Introduce a standard definition for flood;
- Ensure all insurance policies are clearly and plainly written for ease of understanding;
- Ensure earlier payout with the introduction of a fixed period for payouts.

CCIQ NOTE TO GOVERNMENT:

CCIQ highlights that insurance premiums continue to be a hindrance to business taking out appropriate coverage and accordingly recommends a reduction or removal of stamp duty on insurance for businesses. Taxes on insurance in Queensland are inequitable and are actively discouraging companies from adequately protecting their assets with appropriate insurance. CCIQ believes it is time for the State Government to reconsider the burden placed on businesses through insurance taxes. This recommendation has particular relevance following the recent natural disasters.

“Loss of trade & income should be covered irrespective of refusal to cover stock, fixtures and fittings etc. Standard definition of flood would be great. Also the Insurance Companies need to be more accountable should not be able to hide the Instructions that they gave to their Independent Assessors/Hydrologists Standard definitions and clarity as to coverage. Also a fixed time period for processing claims.”

“Standard definitions for ALL events are critical reforms needed to ensure we can get adequate coverage and be able to compare the offerings of different insurance companies.”

“Use plain language in policies, define flood conditions.”

Source: *Six Months on Queensland's Natural Disasters Survey – August 2011*

8.0 Information

- 8.1 Survey respondents were asked what was the most important information that their business required prior and immediately following the natural disaster events. The following information was cited as being essentially important and is listed in priority order:
- Accurate weather reports with anticipated flood levels;
 - Assistance that is available with eligibility criteria that includes all impacted businesses;
 - Lists of road closures;
 - Power disruption updates;
 - Information on who is available to help physically clean up in the aftermath or alternatively how businesses can safely undertake this task themselves;
 - Assistance with insurance claims;
 - How to handle employment issues;
 - Freight forwarding specialists in flooded areas; and
 - Business continuity planning.
- 8.2 Another issue raised included the importance of communications' infrastructure to distribute the required information and implementing solutions to mitigate against its potential non-availability during natural disasters events and the immediate aftermath.
- 8.3 Businesses were also asked how information could be better communicated and received during and following natural disaster events. Responses included:
- Personal briefings in the event of lost power and communications networks;
 - Emails/instant messages direct to businesses;
 - One central point for information and one specified point of contact that businesses can call on for direct feedback and advice;
 - More region specific information and business contacts;
 - Direct business visits to provide information on assistance measures;
 - Increased use of social media including Facebook and Twitter providing direct and timely emergency information and advice;
 - Detailed bulletins from Government that can be assessed by every business.

CCIQ NOTE TO GOVERNMENT:

Information sought for future natural disaster events mainly relates to anticipated flood levels, road closures and power restoration times. Ideally Queensland businesses wish to see a central reference point for the flow of information from State Government and emergency services to business and vice versa.

“Adequate warning of expected flood levels with flood indicators strategically placed around suburbs.”

“Financial assistance for employees affected by the floods and financial assistance for businesses in our situation.”

“How long the main highway & roads where going to be cut as goods could not be flown in and therefore we could not work without supplies, stock.”

“How to claim for insurance and what grants were available.”

“Information concerning the flooding and cyclone situation, prior to the event, and the resumption of services after the events.”

“Notification of loss of power would have allowed us to make some other arrangements regarding our stock.”

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

Case Study 1: Business directly impacted by the Queensland floods

Location of Business: Brisbane

Industry Sector: Manufacturing

Damage/Impact: Loss of stock, plant and business interruption

HOW DID THE NATURAL DISASTERS AFFECT YOUR BUSINESS?

“Our entire office went under water including records and vital information. Our workshop was flooded; all of our everyday tooling, machinery and stock has been affected. Also we had approximately \$700,000 of customer’s items on our shop floor. Due to the highly specialised equipment we are afraid that the loss will be catastrophic as we have little funds to commence the clean-up and entering the workshop is extremely dangerous. Shelves are collapsing and oil is a mix with the flood water. We also lost our primary Service Vehicle.”

KEY FINDINGS INCLUDE:

- When the floods first hit, the business reported that damages would eventually reach \$1.2 million, but six months on they report that damages to business assets have reached \$2 million;
- Lost earnings as a result of the Queensland floods were predicted to reach \$1 million, six months on their worst fears were realised and have confirmed that there was approximately \$1 million in lost earnings;
- In January, the business expected to be closed for up to four months but this turned out to be closer to six months;
- Asked to assess the impact of the floods on their sales, the business reported in January that there would be a short term ‘critical impact’, and six months on the business reports that the long term impact would be classed as ‘major’.
- As a whole, the business was satisfied with level of Government assistance, but was very critical of the information and service provided by their broker as they believe the policy provided was not suitable for their situation.

SUGGESTIONS FROM THE BUSINESS INCLUDE:

- Having the government or emergency services provide a point of contact or a team to refer them to all avenues available for assistance;
- Tax breaks until business is fully recovered.

GENERAL STATEMENT ON CURRENT SITUATION:

“We have operated our business for eleven years. After the flood we found it necessary to let our staff go and place the property up for sale or lease. We found it most difficult to service our customers while trying to juggle the repairs, salvage and restoration of our assets.”

Case Study 2: Business directly impacted by the Queensland floods

Location of Business: Brisbane

Industry Sector: Business Services

Damage/Impact: Loss of power, short term business closure, indirectly through affected customers and employee inability to attend work.

HOW DID THE NATURAL DISASTERS AFFECT YOUR BUSINESS?

“We were prevented from opening for over a week and we had no power at work or home. It was difficult to contact clients/government agencies who were also closed or otherwise affected by the flooding and loss power”.

KEY FINDINGS INCLUDE:

- The business initially lost \$5,000 due to the Queensland floods and in January predicted there would be \$50,000 in lost earnings, or 20% of annual turnover and this was confirmed in the most recent August survey.
- In January, they predicted it would be at least 20 days until they could return to normal operations and this was correct according to the latest August survey.
- The number of employees did not increase over the past six months but maintained its level between one and 5.
- Of concern is that the business believes that it will be at least another six months until they experience a turn around, largely due to the state of the economy.
- As a largely client based service business, the sluggish return of the economy is detrimental to the future of the business.
- The business accessed the deferral of tax liabilities (State and Federal Government) and found that the ease of access, effectiveness and pace of roll out were satisfactory.
- The most beneficial information during the floods was an indication of how high the flood waters would reach to assist in flood prevention.

SUGGESTIONS FROM THE BUSINESS INCLUDE:

- Being able to receive protection from loss of income in future natural events

GENERAL STATEMENT ON CURRENT SITUATION:

“The floods have contributed to the sluggish economy and loss of confidence in the non-mining sector, which is affecting people’s willingness to spend money”

Case Study 3: Business directly impacted by the Queensland floods

Location of Business: Brisbane

Industry Sector: Business Services

Damage/Impact: Loss of power, short term business closure, employee inability to attend work, reduced business through depressed economic conditions, customers and suppliers

HOW DID THE NATURAL DISASTERS AFFECT YOUR BUSINESS?

“Affected people have stopped using service industry. We have now seen many unqualified people entering the market and industry installation and service standards dropped.”

KEY FINDINGS INCLUDE:

- Employee levels have been maintained above one hundred people since January but future economic conditions are keeping pressure on decisions around staffing levels.
- The business expected that lost earnings would be in excess of \$100,000 at over 10% of annual turnover. This was confirmed six months on in the recent August survey.
- Initially, the business was impacted by the floods, but due to the widespread effect of the floods, the business experienced a heightened indirect impact through suppliers, customers and reduced business through depressed conditions.
- Importantly the business was not defined as being eligible for assistance because the flood water did not reach their doorstep, despite receiving extended power cuts and business closure.
- The business was supportive of assisting suppliers in order to continue normal business operations.
- The most important information received during the floods was potential damage to the business and power interruptions occurring in the area.
- Crucially the business would like to be better prepared next time by having access to flood level areas and access to alternate communications for staff and suppliers.

SUGGESTIONS FROM THE BUSINESS INCLUDE:

The business is supportive of providing a standard definition of ‘flood damage’ to provide increased certainty to businesses and ensure insurance companies can not avoid paying out legitimate claims.

GENERAL STATEMENT ON CURRENT SITUATION

“Our business received big power outages but more importantly our customers were affected and as a result, we could not service them. We need help from volunteers and Government in re-establishing our operations.”

Case Study 4: Business indirectly impacted by the natural disasters

Location of Business: Central Coast - Mackay

Industry Sector: Transport and Storage

Impact: Reduced business sales/profitability due to depressed economic activity and through affected customers.

HOW DID THE NATURAL DISASTERS AFFECT YOUR BUSINESS?

“We were affected mainly through our customer base and are now in a situation where we have to sell off our equipment to try and keep the rest of our business operational”

KEY FINDINGS INCLUDE:

- Experienced a moderate impact on sales in immediate aftermath of the disasters, but believe sales will receive a major impact in the six month outlook.
- The total lost earnings for the business is estimated at over \$160,000 per month, which equates to 25% of the business' annual turnover.
- The natural disasters had a moderate impact on profitability in the short term, but the medium and long term impacts on profitability are critical.
- The business had to let staff go after the disasters and the past six months have seen a critical impact on employment. This is also expected to remain critical for the next six months.
- The financial viability of the business experienced a moderate impact in the short term but of more concern is the fact they are indicating that there will be a critical impact in the medium and long term.
- Overall, the business has rated the assistance measures as very poor. This includes; ability to access information, ease of access or availability and the effectiveness of assistance in helping the business return to operations.
- Despite been critically affected by Cyclone Yasi indirectly, the business was deemed ineligible to receive government assistance.
- In terms of information sought, the business has reported that overall there was a very poor standard. This includes; ease of access, how informative it was, easy to understand, clear and sufficient and whether it was available in the format they desired.

SUGGESTIONS FROM THE BUSINESS INCLUDE:

- The business needs advice on how to stay operational when their customers weren't purchasing.
- When asked about what support was needed, the business desperately needs relief from registration charges and compliance to operate on the roads.

GENERAL STATEMENT OF CURRENT SITUATION

“Assistance was only offered to people who received damage from cyclone Yasi. We transport produce from Bowen. We now have to try and sell a lot of equipment because we have not done any work this year and registrations have skyrocketed and we still have to pay although we have not got any work this year.”

Case Study 5: Business indirectly impacted by the natural disasters

Location of Business: Sunshine Coast

Industry Sector: Cultural/Recreational (including tourism)

Impact: Reduced sales/profitability due to depressed economic activity

HOW DID THE NATURAL DISASTERS AFFECT YOUR BUSINESS?

“We were not affected by the natural disasters. We were affected by the economic impact the natural disasters & the negative perception that the whole of Qld was a mess.”

KEY FINDINGS INCLUDE:

- The biggest impact was from suppressed economic conditions, which has affected the business for the past six months since the natural disasters
- In the short term, the business experienced a critical impact on sales and profitability
- In the medium term, there was a critical impact on profitability and a moderate impact on sales and employment
- It is estimated that the total lost earnings for the business is at least \$50,000, which equates to 20% of annual turnover
- The business was not eligible to receive assistance measures when they needed them the most as they were not directly affected
- Information during the natural disasters was not relevant to this business even though assistance and information was desperately needed

SUGGESTIONS FROM THE BUSINESS INCLUDE;

- More positive press and media coverage of areas that haven't been affected by the natural disasters
- More information for businesses that weren't directly impacted about how they can access assistance or how to adjust to the conditions
- Make it easier for businesses to access different types of assistance such as free advertising or marketing in the wake of Queensland being labelled a disaster zone.

GENERAL STATEMENT OF CURRENT SITUATION

“The downturn and ‘panic’ the natural disasters/media created is what affected our business - not the actual flood itself. We were not flood affected in any way.”

SURVEY DEMOGRAPHICS

- > 211 responses were received
- > The majority of survey respondents were located in Brisbane (35%) although all regions of Queensland have been represented
- > The majority of businesses (62%) had 20 employees or less, 26% had between 21 and 100 employees and 12% had more than 100 employees



“We are now in a situation where we have to sell off our equipment to try to keep the rest of our business operational.”

“We are still experiencing much lower revenue as many of our patrons are still either not in their homes or suffering financial hardship and not spending at our venue.”

“We have operated our business for eleven years. After the flood we found it necessary to let our staff go and place the property up for sale or lease. We found it most difficult to service our customers while trying to juggle the repairs, salvage and restoration of our assets.”

“We lost our peak trading season, which is imperative to ensuring that adequate funds are available to manage the quieter low season months.”

Source: Six Months on Queensland's Natural Disasters Survey – August 2011

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